


community and regional development (function 450), along with different timing and proceeds in the sales of Small Business Administration disaster loans.

The technical reestimates in education, employment, and social services (function 500) are almost entirely in the guaranteed student loan program. CBO assumes lower loan volume and defaults than does the Administration. The technical adjustment peaks in 1989 because the Administration includes a large, unexplained adjustment to outlays in that year to capture program interaction effects. This unexplained adjustment leads to an odd pattern of annual savings from the Administration's legislative program. CBO estimates do not include such a large adjustment.

Technical reestimates for Medicare (function 570) reflect different CBO assumptions about case mix and utilization of medical services. The Administration projects program growth resulting from case mix changes of 1 percent in 1988 and 0.5 percent thereafter. CBO projects case mix increases of 1.5 percent from 1988 through 1991. While case mix increases are an especially difficult component of hospital insurance spending to project, the CBO assumptions are more consistent with recent program trends.

The largest technical reestimate for income security programs (function 600) is for the Aid to Families with Dependent Children (AFDC) program. Technical reestimates to AFDC total \$1.3 billion in 1987. Of this amount, \$0.8 billion results because CBO assumes that no fiscal sanctions imposed on the states for erroneous payments will be collected in 1987. States intend to litigate the sanctions, resulting in several years' delay in their collection. CBO assumes that only about one-half to two-thirds of sanctions will be collected following waivers and court action, whereas the Administration assumes a 100 percent collection rate. In addition, CBO estimates a higher annual growth in average benefits--about 3.5 percent--that is more in line with historical experience, and estimates lower savings from legislative proposals in the President's budget (primarily the proposal to strengthen work requirements). The technical reestimate of AFDC declines from \$1.3 billion in 1987 to \$0.9 billion in 1991. Technical reestimates of other programs in function 600 are smaller, generally reflecting different assumptions about numbers of beneficiaries and average benefits.

CBO technical reestimates of Social Security (function 650) reflect a higher assumed rate of growth in the disabled worker population in all years. In the later years, this is more than offset by a lower projection of the retired worker population.



The relatively small technical reestimates for veterans' programs (function 700) in 1986 through 1988 reflect offsetting technical reestimates of a number of accounts. Veterans' compensation and pensions are reestimated downward in all years, reflecting declining caseloads and declines in real average benefits. CBO assumes lower spendout rates for the construction program. Partly offsetting these downward reestimates are higher assumed defaults for the loan guaranty revolving fund. Downward reestimates dominate after 1988.

Higher spendout rates account for most of the reestimates in administration of justice (function 750). Technical reestimates in general government (function 800) are dominated by less optimistic projections of sales of surplus properties. The Administration assumes a reinvigorated effort to identify and dispose of surplus properties; CBO assumes that most sales will be of properties already in inventory.

Technical reestimates in allowances (function 920) are small. Most technical reestimates for undistributed offsetting receipts (function 950) are described above, in the discussions of Outer Continental Shelf receipts and sales of the government's Naval Petroleum Reserve and Power Marketing Administrations. The remaining reestimates are for the employer share of employee retirement, and result from slightly different assumptions about the composition of the covered payroll.

## APPENDIX D

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### MAJOR CONTRIBUTORS TO THE PREPARATION OF THIS REPORT

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Members of the Budget Analysis, Fiscal Analysis, and Tax Analysis Divisions were major contributors to this report. The individuals who helped prepare the analyses for each chapter are listed below:

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|                | Joseph Whitehill     | 226-2840                    |





Appendix D (Continued)

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|              |                      |          |
|--------------|----------------------|----------|
| Function 250 | Paul DiNardo         | 226-2860 |
| Function 270 | Peter H. Fontaine    | 226-2860 |
|              | Kathleen Gramp       | 226-2860 |
| Function 300 | Carol Camp           | 226-2860 |
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| Function 400 | Keith Chase          | 226-2860 |
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| Function 450 | Carol Camp           | 226-2860 |
|              | Paul DiNardo         | 226-2860 |
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|              | Marianne Deignan     | 226-2820 |
|              | Deborah Kalcevic     | 226-2820 |
|              | Kenneth Pott         | 226-2820 |
| Function 550 | Carmela Dyer         | 226-2820 |
|              | Anne R. Manley       | 226-2820 |
| Function 570 | Diane Burnside       | 226-2820 |
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|              | Carmela Dyer         | 226-2820 |
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|              | Janice Peskin        | 226-2820 |
|              | Brent Shipp          | 226-2860 |
| Function 650 | Paul Cullinan        | 226-2820 |
| Function 700 | Marianne Deignan     | 226-2820 |
|              | Kathleen W. Shepherd | 226-2820 |
| Function 750 | Debra Goldberg       | 226-2860 |
|              | Marjorie Miller      | 226-2860 |
| Function 800 | James Hearn          | 226-2860 |
| Function 850 | Carol Camp           | 226-2860 |
| Function 900 | Paul Christy         | 226-2880 |
|              | Kathy A. Ruffing     | 226-2880 |
| Function 920 | David Bashore        | 226-2880 |
|              | Richard Krop         | 226-2880 |

## Appendix D (Continued)

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|                |                    |          |
|----------------|--------------------|----------|
| Function 950   | Carmela Dyer       | 226-2820 |
|                | Kathy Gramp        | 226-2860 |
|                | James Hearn        | 226-2860 |
|                | Kathleen Kelly     | 226-2860 |
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